Saskatchewan Milk Control Board

Update

Volume 15 No. 13, July 15, 2009

QUOTA EXCHANGE

The market-clearing price established for the July, 2009 Unused Quota Exchange was **$63.00.** There was no market-clearing price established for the July, 2009 Used Quota Exchange. The results of the Quota Exchange are outlined in the following Tables.

The next monthly Quota Exchange will be held on August 17, 2009. All offers to sell and bids to purchase quota through the Quota Exchange must be received at the Board office by midnight, August 6, 2009. The Board recommends that offers and bids be submitted well in advance of the deadline date to ensure adequate time for corrections, if necessary.

Just a reminder to producers that when making bids on the Quota Exchange, the price on offers to sell quota is the minimum price that the producer is prepared to accept for that quota. Only if the market-clearing price is equal to or greater than the producer's minimum price will that producer qualify for participation in the Exchange.

Conversely, the price on offers to purchase quota is the maximum price that the producer is prepared to pay for that quota. **Only if the market-clearing price is equal to or less than the producer's maximum price will that producer qualify for participation in the Exchange.**

The clearing price is set at the price where the smallest difference exists between the accumulated volume offered for sale and the accumulated volume bid to purchase.

UNUSED QUOTA EXCHANGE (per kilogram of butterfat)

Market Clearing Price per kilogram of butterfat		**$63.00**
Kilograms offered to Purchase		**29,600**
Kilograms offered to Sell		**26,500**
Kilograms sold		**20,000**
Number of Producers		
- offered to purchase	**5**	
- purchased quota	**4**	
- offered to sell	**4**	
- sold quota	**1**	

UNUSED QUOTA EXCHANGE

Price ($/kg b.f.)	No. of Sellers	Cumulative Sellers	Kgs b.f. offered for sale	Cumulative sales	Cumulative Sales less Cumulative purchases	Cumulative purchases	Kgs b.f. offered to purchase	Cumulative Buyers	No. of buyers
48.60	0	0	0	0	-29,600	29,600	1,000	5	1
63.00	**1**	**1**	**20,000**	**20,000**	**-8,600**	**28,600**	**20,000**	**4**	**2**
65.00	1	2	2,000	22,000	13,400	8,600	0	2	0
70.00	0	2	0	22,000	13,400	8,600	6,000	2	1
72.00	0	2	0	22,000	19,400	2,600	2,600	1	1
75.00	1	3	500	22,500	22,500	0	0	0	0
80.00	1	4	4,000	26,500	26,500	0	0	0	0

USED QUOTA EXCHANGE (per kilogram of butterfat)

Market Clearing Price per kilogram of butterfat		**$-----**
Kilograms offered to Purchase		**0**
Kilograms offered to Sell		**0**
Kilograms sold		**0**
Number of Producers		
- offered to purchase	**0**	
- purchased quota	**0**	
- offered to sell	**0**	
- sold quota	**0**	

ACCOUNTING VALUES FOR CLASSES OF MILK July 2009

	Butterfat ($/kg)	($ per hl. Skim milk)	
Class 1a	$5.3000	$68.10	
Class 1b	$5.3000	$68.10	
Class 1c	**As approved by the Board**		
	Butterfat ($/kg)	**Protein ($/kg)**	**Other Solids ($/kg)**
Class 2	$7.5339	$5.6447	$5.6447
Class 3a	$7.5339	$13.1864	$0.8940
Class 3b	$7.5339	$12.9337	$0.8780
Class 4a, 4b, 4d & 4d(i)	$7.5339	$5.2463	$5.2463
Class 4a(i)	$7.5339	$2.20	$2.20
Class 4c	**As approved by the Board**		
Class 4m	$0.00	$0.00	$0.00
Class 5a	$3.2008	$4.1741	$0.0877
Class 5b	$3.2008	$1.6637	$1.6637
Class 5c	$3.0000	$1.5183	$1.5183
Class 5d	**As determined by**	**the CDC**	

WEIGHTED AVERAGE COMPONENT TESTS & PRICES June 2009

Components	Average Test	Price per kilogram Class 1 to 5
Butterfat	3.7401	$11.118554
Protein	3.2847	$ 8.118554
Other Solids	5.6797	$ 1.73776

Based on the average component tests for the province, the average price received was $74.9181 per hectolitre. **The average butterfat price received per kilogram was $20.03.**

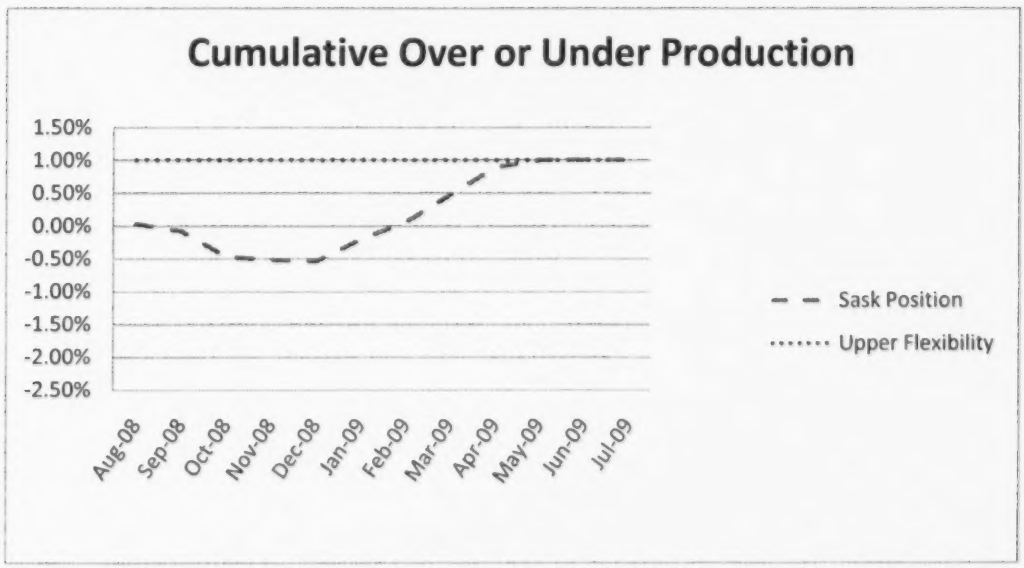
Over quota (4m) holdings are $2,598,872.72 for the first eleven months of the 2008-2009 dairy year.

SASKATCHEWAN MILK POOL RESULTS June 2009

Milk Sale Revenue	$ 14,985,003.70
Over Quota Penalty	$ - 658,272.00
Western Milk Pool	$ 114,586.06
Dairy Farmers of Canada Skim Off	$ -19,037.12
Plant of Last Resort Service	$ -57,998.63
Total Pool Value	**$ 14,364,282.01**

UNALLOCATED TOTAL PRODUCTION QUOTA PENDING FOR August 1, 2009 IS ESTIMATED AT +.35%

Unallocated Total Production Quota Pending is the quota change being projected for the beginning of the new dairy year. This is the result of *pro-rata* quota allocations to producers during the current dairy year.



PENALTY FOR OVER PRODUCTION

In June 2009, Saskatchewan over produced its cumulative quota position by approximately 25,392 kilograms of butterfat. This will have an impact on producers' July 2009 blend price that they will receive on August 14, 2009. The total dollar impact will be unknown to the Board until the Canadian Dairy Commission completes pooling calculations for June 2009. That calculation will be completed by July 27th 2009. There will be a separate line included in the Saskatchewan Milk Pool Results table listed as Over Quota Penalty.

TEMPORARY QUOTA

It is anticipated that the 0.5% National Growth Allowance (line 4 on your Quota Management Sheet) will not be continued after July 31, 2009. A final decision will be made on this at the CMSMC meeting in July.

The Provincial carry-forward (line 5 on your Quota Management Sheet) will be eliminated effective August 1, 2009. Under the old National Quota Policy, a province could carry forward any under production between 99.5% and 100%. Under Continuous Quota, this type of carry-forward does not occur.

Producers should note that any temporary quota that is issued throughout any dairy year has an end date of July 31 and will only be continued if market and production conditions warrant a temporary quota issuance.

QUOTA MANAGEMENT RESULTS

Please find enclosed your quota management results for June, 2009. This Table indicates the percentage of each producer's quota allocation utilized as well as the kilograms of butterfat produced by these shipments.

There are lines numbered 1 through 11 on the top portion of your quota management sheet which show adjustments to your quota for the 2008-2009 dairy year. Enclosed with your quota management sheet is an explanation of how these adjustments will affect what you are required to produce for mid-year (January 31st) and year-end (July 31st) to achieve 97%. If you have any questions, please contact our office.

In June, Saskatchewan had a monthly CDC allocation of **691,700 kilograms** of butterfat. For June, Saskatchewan is **+25,392 kilograms** of butterfat over, and cumulatively over by **+86,809 kilograms** of butterfat. On a percentage basis, Saskatchewan is at **+1.00%** within our CDC allocation flexibility limits based on the Continuous Quota model.

For the 2008-09 dairy year, Saskatchewan produced **101.78%** of its allocation from August 1, 2008 to June 30, 2009.

	(1) Monthly Total Production Kgs bf	(2) Total Monthly CDC Quota Allocation Kgs bf	(3) Monthly Over or (Under) Production Kgs bf col. 1 – 2 = 3	(4) Lower Flexibility Limit **(1.5%)** Kgs bf col. 9 * -1.5%	(5) Upper Flexibility Limit **1.0%** Kgs bf col. 9 *1.0%	(6) Cumulative Over or (Under) Production with limits Kgs bf	(7) Cumulative Over or (Under) Production with limits in % col. 6 / 9	(8) Over Quota or (Lost Production Opportunity) Kgs bf	(9) Rolling 12 Month Total Quota Kgs bf
Aug-08	714,566	711,593	2,973	(130,546)	87,031	**2,973**	**0.03%**	-	8,703,089
Sep-08	702,656	712,733	(10,077)	(130,901)	87,268	**(7,104)**	**(0.08%)**	-	8,726,753
Oct-08	731,710	765,418	(33,708)	(130,809)	87,206	**(40,813)**	**(0.47%)**	-	8,720,620
Nov-08	725,592	730,199	(4,607)	(130,756)	87,171	**(45,419)**	**(0.52%)**	-	8,717,063
Dec-08	768,375	770,027	(1,651)	(130,900)	87,267	**(47,071)**	**(0.54%)**	-	8,726,661
Jan-09	776,069	747,647	28,422	(130,950)	87,300	**(-18,648)**	**(0.21%)**	-	8,729,971
Feb-09	696,788	673,298	23,491	(130,537)	87,025	**4,842**	**0.06%**		8,702,483
Mar-09	780,327	744,392	35,935	(130,534)	87,022	**40,777**	**0.47%**	-	8,702,246
Apr-09	743,837	707,299	36,538	(130,272)	86,848	**77,315**	**0.89%**	-	8,684,788
May-09	764,294	733,212	31,082	(130,197)	86,798	**86,798**	**1.00%**	21,599	8,679,813
Jun-09	717,102	725,295	25,402	(-130,214)	86,809	**86,809**	**1.00%**	25,392	8,680,906

(1) Monthly Production in Saskatchewan
(2) Total Monthly Quota = Class 1 sales + Monthly MSQ + Carry Forward
(3) Difference between the monthly production (1) and the total monthly quota (2)
(4) The Lower Flexibility Limit is -1.5% of Rolling 12 Month Total Quota (9)
(5) The Upper Flexibility Limit is 1.0% of Rolling 12 Month Total Quota (9)
(6) Previous Month Cumulative Over or (Under) Production + Current Monthly Over or (Under) Production (capped at lower or upper limit if applicable)
(7) Equal to Column (6) expressed as a percentage basis within the flexibility limits
(8) Over Quota or (Lost production opportunity) outside of flexibility limits
(9) Total Monthly CDC Quota Allocation for the previous 12 months

QUOTA LISTING SERVICE

The Board offers a free quota listing service as part of its Newsletter. Anyone wishing to sell or purchase quota and/or cows, miscellaneous dairy equipment, or swap quota is welcome to contact the Board office at (306) 787-5319. All prices and negotiations will be independent of the Milk Control Board.

Wanted – Quota to Purchase

- Wanted – quota to purchase (quota only) – approximately 10,000 kilograms. Contact Henry Klop (306) 493-2273

- Wanted to purchase approximately 10,000 – 13,000 kilograms quota. Contact Darcy Loewen. Call (306) 493-8201 or Cell (306) 493-7631. Fax (306) 493-8212.

Quota &/or Cows for Sale

- For sale: Dairy farm 20 minutes from Saskatoon. Approximately 10,600 kilograms quota (selling with or without farm); 72 cows and heifers; 160 acres, excellent water; 48' x 125' free stall barn; 48 free stalls with pasture Mat's; Houle cable barn cleaner and manure pump; Westfalia Single 8 Magnum Parlour. Phone (306) 280-6408.

- Two breeding age bulls for sale. Contact Ernest Friesen at (306) 931-1947 or (306) 260-9480.

- For sale – 10 milk cows. Phone Chad (306) 598-2054

- For sale – 14 heifers and 3 cows. Phone Fred or Anne Monchuk (306) 365-4750

- Quota for sale. Approximately 32,000 kilograms. Contact Dan Hazell @ Glenacre Holsteins. Phone (306) 224-4850. Fax (306) 224-4909.

- Cows and quota (approximately 40,000 kilograms). Please contact Ken Schmidt @ (306) 374-8980

- Bred heifers for sale – contact Danny at Box Elder Colony – (403) 502-9997

- For sale: 8 registered Holstein heifers due September – December
  For sale: 1 registered Holstein bull, 20 months old. Sire – Regancrest Dundee
  Dam is a Comestar Stormatic with 246-230-235 BCA
  Contact Lloyd Sawatsky (306) 239-4818

Miscellaneous For Sale

- Like new Knight Reel – Auggie 3250 Stationary Feed Mixer with 15' Conveyer & Electronic Scale – Phone (306) 280-6408

- 4 Westfalia Surge Feed Stations. Contact Jason @ 689-2230/689-2231 ext. 713

- JCB Telehandler. Contact Jason @ (306) 229-8993

- 2000 U.S. Gallon Alfa-Laval Milk Tank with cooling condensers and compressors. Contact Ferch Farms (306) 736-2205.

- One 14' Richardson Jiffy Hy-dump sileage wagon. Contact Bob or Kim McCubbing, Unity, Sask. Phone (306) 228-2921 or cell (306) 228-8598.

- Dairy Equipment for Sale: 1 18" x 10' belt conveyor; 6 Waikato milk meters; 6 Delaval milk machines with vacuum pulsators; Delaval vacuum pump with 7.5 hp motor. Contact Lloyd Sawatzky, Saskatoon, SK Phone (306) 239-4818. Cell (306) 281-2247.

- Agri-Metal 542 feedcart; Renn 10hp Roller mill; Conveyors, 2-14 ft x 18 inch, 1-42 ft x 18 inch; 2 – 6 inch electric augers, 10 & 14ft; Harvestore, Goliath and Hercules unloaders; Mueller 1000 gallon milk tank; Alamo 100 vacuum pump; Surge Eclipse milking units and retractors. Contact: Leonard Blocka (306) 764-8439 or cell (306) 960-6608.

- 16 Waikato milk meters $250 each; 5,000 gallon new Delaval bulk tank, made in U.S.A. $50,000. Contact Corman Holsteins (306) 933-4608

- 2002 Tubeline Bale Wrapper and a dismantled 25/90 Harvestorg Silo. Call David Slykhuis @ (306) 453-2878 in Carlyle, SK

- 2000 gallon Delaval tank. Call James Hein (306) 365-3209

Wanted to Buy

- Used Ration Master II Processor (used for feed stations)
  Contact Margaret at (306) 782-7240.

Hired Man - available October 1, 2009

Tim Blocka, R.R. #3, Prince Albert, SK S6V 5R1

- Fifteen years experience including 10 years at Blocka Bros. Dairy, 1 year on the rigs, 4 years on two other dairy farms.
- Has papers as an AI technician, milking cows and all duties associated with the dairy barn.
- Can run any dairy and haying, silage equipment also.
- Very reliable…would prefer to work around the Saskatoon/Hague area if possible.
- Single, 31 in August, own vehicle.
- Contact Leonard (306) 764-8439 or Tim's cell (306) 981-5974.

Continuous Quota FAQs

Following the round of Continuous Daily Quota Seminars and given the fact that Saskatchewan will be in a prefill position as of August 1, 2009, a list has been compiled of the questions most frequently asked by producers.

If I ship less than 100 % of my quota as of July 31, 2009, will I start in a negative credit position August 1, 2009?

No, producers shipping 100% or less as of July 31, 2009, will start at zero credits August 1, 2009. This would be the case whether Saskatchewan moved to Continuous Daily Quota or not.

If I ship greater than100 % of my quota as of July 31, 2009 how will I start August 1, 2009?

Saskatchewan will be in a prefill position as of August 1, 2009. Producers shipping greater than 100 % of their quota as of July 31, 2009 will be in prefill and will start with positive kgs of butterfat credits or positive credit days equivalent to their pro-rata portion of the over quota. This would be the case whether Saskatchewan moved to Continuous Daily Quota or not.

If I am in prefill August 1, 2009 how can I get my 4M dollars back?

The following condition must be met to get back the 4M dollars held by the Board:

When July 31, 2010 production is reconciled, a producer must be at or below zero cumulative kgs of bfat. If a producer is still at positive credits or positive credit days, **no 4M dollars will be refunded.** These dollars will be added into the September, 2010 month-end pool and paid out October 15, 2010. All producers will share in these dollars.

It does not matter if a producer is at or below zero kgs of butterfat during any of the months throughout the year. **The day of reconciliation is based on August 1, 2009 to July 31, 2010 production.**

If Saskatchewan had been in a prefill situation before the change to Continuous Daily Quota this would also have been the case.

What can I do to get down to zero positive credits or credit days?

Producers have a number of options they can use to get their quota position back in line. They can transfer in credits, buy quota, decrease the number of cows being milked, etc.

What happens to my 4M dollars if I leave the industry before July 31, 2010?

If a producer who is in prefill leaves the industry before July 31, 2010, **they will forfeit all 4M dollars held by the Board.** The 4M dollars will go into the September 2010 month-end pool and all producers will share in those dollars.

The 4M Dollars held by the Board will only be refunded back to producers in prefill who meet the zero or less cumulative position for the July 31, 2010 reconciliation.

What happens if I start August 1, 2009 with at or greater than +10 days?

A producer starting in prefill at or greater than +10 days will only receive payment for their in-quota production.

For example: 100 kgs of bfat is the producers' daily quota. The pickups are based on 30 days, so the producers' in-quota monthly allocation is 3,000 kgs of butterfat. The producer ships 3,500 kgs of butterfat. The producer will receive payment for 3,000 kgs of butterfat and 500 kgs of butterfat will be over quota (over the +10 day limit). There is no 4M as of August 1, 2009. The value of that milk will be put back into the month-end pool and all producers will receive a higher blend price.

The producer will never have the ability to recoup that over quota production and all deductions for the over quota milk will be applied MCB fees, DFS levy, and haulage.

Any producer whether in prefill or not that exceeds the +10 credit days will receive ***ZERO PAYMENT*** and all deductions for the over quota milk will be applied, MCB fees, DFS levy and haulage.

What happens if I start August 1, 2009 with some prefill days but not exceeding the +10 day limit?

A producer starting August 1, 2009 with some prefill days but not exceeding the +10 day limit still has flexibility before they are over quota.

For example: A producer starting in prefill at +7 days has 3 days flexibility before they are over quota. If 100 kgs of butterfat is your daily quota, and your pickups are based on 30 days, then your in-quota monthly allocation is 3,000 kgs of butterfat. If you ship 3,200 kgs of butterfat, you will receive payment for 3,000 kgs of butterfat based on in-quota, 200 kgs of butterfat will also receive full payment because 3 days or 300 kgs of butterfat of flexibility still exists. You would have 1credit day remaining or put another way you would be at +9 credit days.

When can I get transfer credits?

There will be no transfer credits available in August 2009, because no producer will have accumulated any. The earliest a producer will be able to find credits will be September 2009.

What is the deadline for transfer credits?

The transfer credit deadline for any month is by midnight of the 20th. For example any transfer credit forms in the Board Office on or before midnight of October 20th will be effective October 1st.

Where can I find producers wanting to transfer credits?

The Board will maintain a web page with producers wanting to transfer credits in or out. It will be updated on a daily basis as requests come into the office. Producers who do not have internet access can call the Board and have the information faxed to them.

Producers wanting their name posted on the web page can contact the Board. Postings will be dated and kept on the website for 2 months. It is up to the producer to have their name reposted after the 2 months or removed if they fill their requirement before the 2 month period is up.

What is the maximum amount of transfer credits that I can transfer out in a month?

The maximum transfer credits a producer can transfer out in a month are equal to what the producer's cumulative under position was in the previous month. You can only transfer out to a cumulative position of zero credits.

The maximum a producer can transfer out in a rolling 12 month period is 15%.

What is the maximum amount of transfer credits that I can transfer in?

There is no limit to the amount of credits that can be transferred in a rolling 12 month period. The only limit when transferring in credits would be to not drop below the -30 credit day limit at the end of each month or you will have lost the opportunity to carry-forward those credits to produce that milk in the future.

When will we know if Incentive Day Credits are available?

The Board will do its best to give producers as much notice as possible when incentive day credits are going to be available.

If the province is over quota as of July 31, 2010 will I still get all my 4M dollars back if I am at zero credits or credit days?

YES.

MILK CONTROL BOARD MEMBERS

Blaine McLeod - Chairman	Dairy Producer - (306) 756-2775
Dale Strudwick – Vice-Chair	Dairy producer - (306) 771-4186
Alvin Schultz - member	Dairy producer - (306) 254-4301
Dr. Bob Tyler - member	Professor - Dept. of Food & Bioproduct Sciences, University of Saskatchewan, Saskatoon

For further information, please contact the Saskatchewan Milk Control Board office.

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